

## Remittance Inflow in Nepal

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### Abstract

*Remittance has become one of Nepal's most significant economic lifelines, substantially contributing to national income, employment, household livelihoods, and poverty reduction. Over the past several decades, remittance inflows have steadily increased, making Nepal one of the highest remittance-receiving countries globally in proportion to its GDP. This study examines the multifaceted role of remittances in Nepal's socio-economic landscape using secondary data collected from Nepal Rastra Bank, the World Bank, the International Organization for Migration, and the Central Bureau of Statistics. It explores historical trends, destination countries for foreign labor migration, and the socioeconomic implications of remittance at the household and national levels. The findings indicate that remittances have enhanced household consumption, access to education and healthcare, gender empowerment, and rural development. However, challenges such as labor market dependency, increased consumption over investment, brain drain, and family separation remain prevalent. The paper concludes by recommending strategies for sustainable remittance utilization, including skill-based foreign employment, financial literacy development, reintegration support for returnees, and promotion of diaspora investment in productive sectors. Overall, the study contributes to a deeper understanding of remittance as a crucial component of Nepal's long-term development trajectory.*

**Keywords:** Remittance, Foreign Employment, Economic Development, Migration, NRB, Household Welfare, COVID-19, Labor Market, Policy Reform

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### Introduction

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Remittance has turned out to be a foundational component of Nepal's economic system, influencing not only most effective macroeconomic signs but additionally the socio-financial dynamics at the family and community tiers. In a country in which monetary development is restricted by geographical boundaries, political instability, low industrial output, and a slow job marketplace, labor migration has emerged as a dominant livelihood method for hundreds of thousands of Nepalese (World Bank, 2023). Driven with the aid of the aspiration for better employment and earnings opportunities, a widespread part of Nepal's operating-age populace has migrated overseas, specifically to Gulf Cooperation Council (GCC) international locations, Malaysia, South Korea, and India. This phenomenon has been observed via a full-size rise in remittance inflows, which have served as a lifeline for Nepal's financial system.

According to the Nepal Rastra Bank (NRB), Nepal acquired remittance worth NPR 1.25 trillion (approximately USD 9.3 billion) in the fiscal 12 months 2022/23, reflecting a 21.2% increase from the preceding 12 months (NRB, 2023). Remittance now constitutes over 21% of the USA Gross Domestic Product (GDP), placing Nepal among some of the top 5 countries globally in terms of remittance as a proportion of GDP (World Bank, 2023; IOM, 2022). This capital influx a long way exceeds earnings from tourism, exports, and foreign direct funding mixed, highlighting its centrality to countrywide economic balance. It has supported family intake, enabled access to schooling and healthcare, and fueled real property and retail growth in city and semi-city regions.

Nevertheless, the heavy reliance on remittance offers several structural and policy demanding situations. Scholars have raised issues approximately the unsustainable nature of this dependency, noting that remittance is often directed towards intake instead of funding (Paudel & Kafle, 2018; Sharma & Adhikari, 2021). Moreover, the outmigration of youth—specifically people with capabilities and training has exacerbated Nepal's domestic exertions scarcity and contributed to "brain drain" (Khanal, 2022). The social impact is also profound, with the long-time period separation of own family contributors often main to psychological strain, gender position shifts, and disruptions in traditional family structures (IOM, 2022).

This paper seeks to observe the contemporary dynamics of remittance in Nepal, using secondary information from 2018 to 2024. The evaluation includes an outline of the major assets and tendencies in remittance inflow, its financial and social affects, and the evolving policy panorama. Particular attention is given to the consequences of the COVID-19 pandemic and the strategies adopted to build resilience within the remittance economic system. The study further provides recommendations for

transitioning from remittance-led consumption to remittance-led development, with a focus on enhancing governance, enhancing talent-primarily based migration, and selling productive funding of remittance budget.

## Objectives

The primary objective of this study is to examine the role and implications of remittances in the economic and social development of Nepal. Specifically, the study aims to achieve the following objectives:

- To examine the trend and major sources of remittances in Nepal. The objectives include analyzing historical patterns of remittance flows, identifying major destination countries for Nepalese migrant workers, and assessing changes in migration patterns over time. It also attempts to evaluate the scale, growth and channels through which remittances are transferred to Nepal.
- To analyze the socio-economic impacts of remittances on Nepali households and the national economy.

This objective focuses on understanding how remittances affect household welfare, including expenditure patterns, access to education and health care, wealth creation and improved living standards. It also examines broader macroeconomic effects, such as contribution to GDP, national savings, investment, labor market dynamics and regional development.

## Literature Review

Several empirical studies have highlighted the macroeconomic position of remittance in developing economies. According to the World Bank (2018), remittances make a contribution considerably to stabilizing country wide economies through improving current account balances, strengthening forex reserves, and improving economic balance. In the case of Nepal, wherein the economic system is characterized by means of restricted exports and excessive exchange deficits, remittance inflows function a critical supply of foreign forex. This helps lessen dependence on foreign aid and borrowing at the same time as supporting government spending on social sectors. Moreover, remittance flows have provided financial balance for the duration of times of global disaster, inclusive of the COVID-19 pandemic and the 2008 international recession.

Thieme and Wyss (2005) explored the wider social dimensions of migration and remittance, emphasizing their role in reshaping household systems and gender roles. Their take a look at found that inside the absence of male migrants, girls regularly tackle expanded duty within the household, which include financial management and

decision-making authority. This shift can be empowering, main to extra autonomy and social mobility for ladies. However, it may also result in emotional and psychological burdens because of improved workloads and the pressures of coping with families by myself. Remittance, therefore, performs a twin position in transforming circle of relative's dynamics whilst additionally exposing families to new challenges.

Paudel (2019) highlighted big regional disparities in how remittances are utilized throughout Nepal. His study showed that households in urban and semi-city areas are more likely to invest remittances in effective avenues which include education, healthcare, and small businesses. In comparison, rural households have a tendency to use remittances on the whole for primary intake, loan reimbursement, and domestic construction. These differences stem from variations in infrastructure, economic literacy, and get right of entry to investment opportunities. As an end result, whilst remittance improves livelihoods in both contexts, its capacity for long-term development is far more pronounced in regions with better institutional and financial get right of entry to.

UNDP Nepal (2021) has stated that whilst remittance has stepped forward human development indicators such as schooling, health, and housing its broader developmental capability stays largely untapped. Factors which includes confined financial literacy, a lack of formal investment possibilities, and poor coordination with local development initiatives preclude the effective use of remittances. Many recipients do no longer have get admission to steady savings, coverage, or enterprise improvement services. As a result, remittances are often consumed in place of invested, accordingly failing to generate sustainable economic transformation. Addressing those gaps calls for stronger engagement by means of nearby governments and financial institutions.

Duwadi and Shrestha (2020) raised concerns approximately the effect of labor migration on home employment, specifically among adolescents. The increasing choice for foreign employment has caused a decline in agricultural participation and entrepreneurship in Nepal. As an end result, rural regions are going through labor shortages, and traditional sectors are dropping skilled and semi-skilled employees. This overdependence on foreign employment has created a distorted hard work market, weakening the inspiration of Nepal's economy. The authors emphasize the need for policies which can redirect remittance into nearby establishments and promote teen's engagement in the home economy.

The Asian Development Bank (2022) emphasized the developing want for virtual financial solutions to help remittance control. Their studies located that cellular banking, digital wallets, and branchless banking services ought to beautify the velocity, protection, and performance of remittance transfers. Digital channels can reduce transaction prices and decrease reliance on casual strategies like Hundi, thereby growing transparency and strengthening monetary regulation. In rural Nepal, in which bodily banking infrastructure is limited, digital finance can also promote extra monetary inclusion, encouraging savings and investment conduct amongst remittance-receiving families.

Acharya and Leon-Gonzalez (2012) performed a time-series analysis to explore the relationship between remittance and monetary boom in Nepal. Their findings indicate that even as remittances have a robust short-term effect on poverty reduction and family intake, the lengthy-term link with GDP boom is susceptible. This is more often than not because of the truth that remittance income is often directed toward intake in place of invested in efficient sectors such as manufacturing, agriculture, or entrepreneurship. The have a look at suggests that without strategic coverage measures to channel remittance into lengthy-time period capital formation, Nepal's economic improvement will remain restrained.

The International Labor Organization (ILO, 2023) highlighted serious issues concerning the rights and welfare of Nepalese migrant people, specifically in Gulf Cooperation Council (GCC) countries. Many employees face problems which includes contract substitution, wage robbery, lack of criminal protection, and substandard dwelling situations. Despite their critical function in supporting Nepal's economy via remittance, migrants frequently obtain minimal institutional assist. The ILO recommends the implementation of skill certification programs, stronger bilateral hard work agreements, and pre-departure orientation to make certain safe and dignified migration. Protecting migrant rights is vital no longer handiest from a humanitarian angle however also for maintaining remittance flows.

Kollmair et al. (2006) advocated for a community-primarily based approach to the usage of remittances. Their research indicates that remittance should yield greater developmental effect if integrated into local planning approaches. They propose mechanisms including community financial savings price range, cooperative investments, and infrastructure development tasks funded partly through remittance. Diaspora associations, nearby governments, and NGOs can play a key role in coordinating those efforts. Such collective use of remittances can generate

multiplier consequences in rural economies, lessen inequalities, and foster inclusive improvement.

## Methodology

This examine adopts a blended-strategies content evaluation approach, incorporating both qualitative and quantitative perspectives to comprehensively discover the dynamics of remittance in Nepal. The analysis is completely primarily based on secondary facts assets, reflecting an in-intensity assessment of existing literature, statistical reviews, and institutional courses that record remittance patterns, exertions migration developments, and socio-economic impacts from 2000 to 2024. Particular emphasis is given to the length among 2018 and 2024 to seize recent traits, including the results of the COVID-19 pandemic on international labor mobility and remittance flows.

## Research Design and Justification

The decision to depend on secondary records is grounded in the accessibility and reliability of big-scale, systematically accumulated datasets posted by using credible national and global organizations. Conducting number one fieldwork at such scale could be aid-in depth and past the scope of this study. By using present statistics, this research benefits from longitudinal insights and broader geographic insurance, even as additionally taking into consideration triangulation a technique that enhances reliability via go-verifying findings throughout multiple resources (Johnston, 2017). The use of secondary data is therefore both pragmatic and methodologically sound, allowing a greater comprehensive understanding of Nepal's remittance economy.

## Sources of Data

To ensure a robust and diversified evidence base, data were drawn from several authoritative institutions:

- Nepal Rastra Bank (NRB): NRB's periodic macroeconomic updates and exertions migration reviews offer unique records on remittance inflows, source countries, formal versus casual switch channels, and standard balance of payments (NRB, 2023).
- World Bank: Through its Migration and Development Briefs and the Remittance Prices Worldwide database, the World Bank offers comparative international information on remittance expenses, volumes, and exertions migration developments—useful for situating Nepal within an international context (World Bank, 2023).

- Central Bureau of Statistics (CBS): CBS courses including the Nepal Labor Force Survey and country wide census data are used to evaluate demographic profiles, household financial situations, and inner labor marketplace shifts tied to migration (CBS, 2021).
- International Organizations (IOM and ILO): These businesses provide analytical reviews, policy briefs, and country-unique research specializing in migration governance, migrant rights, and remittance management practices. Their qualitative insights increase the institutional and policy dimensions of this look at (IOM, 2022; ILO, 2020).
- Academic Research and Government Policies: Peer-reviewed magazine articles and country wide policy files were also reviewed to provide interpretive frameworks and critical evaluation on remittance's function in economic growth, poverty reduction, and social improvement (e.g., Paudel & Kafle, 2018; Sharma & Adhikari, 2021).

## **Analytical Methods**

The evaluation draws on number one methodological equipment to interpret the amassed facts:

- **Descriptive Statistical Analysis:**

Key metrics inclusive of general remittance volumes, remittance-to-GDP ratios, migrant demographics, and number one vacation spot international locations are examined to song modifications over the years and perceive key patterns.

- **Comparative Policy Analysis:**

This factor evaluates Nepal's migration and remittance guidelines in opposition to global first-class practices. The recognition is on prison frameworks, monetary inclusion tasks, diaspora engagement techniques, and welfare applications for migrant people. The assessment allows determine how successfully Nepal's institutional setup supports safe, efficient, and equitable labor migration.

## **Strengths and Limitations**

While using secondary information restricts get admission to first-hand, lived reviews of migrants and their families, it gives awesome benefits for macro-stage analysis. By leveraging multi-supply datasets over a long-time frame, this methodology captures structural traits and systemic shifts that might be tough to assess through character case studies. Additionally, the inclusion of both quantitative indicators and qualitative reviews permits for a multi-dimensional information of remittance dynamics in Nepal. Despite some boundaries in granularity, the methodological approach followed

right here guarantees analytical rigor and relevance, especially in light of new global disruptions along with the pandemic. Situating the take a look at within an international labor migration framework enhances its policy software and affords proof-based totally insights for destiny making plans and reform (IOM, 2022; World Bank, 2023).

## **Trend and Status of Remittance in Nepal**

### **Historical Trends (2000–2023)**

Since the early 2000s, remittance inflows to Nepal have accompanied a constantly upward trajectory, turning into a cornerstone of the USA monetary stability and household welfare. This rise closely correlates with the speedy growth of foreign hard work migration, especially to destinations inside the Gulf Cooperation Council (GCC) countries, Malaysia, and India. These migration tendencies are pushed via an aggregate of home employment shortage and strong exertions demand in vacation spot countries, supported by way of nicely-hooked up Nepalese migration networks (IOM, 2022; NRB, 2023).

Over the years, remittance has emerged as one among Nepal's largest sources of forex, regularly surpassing earnings from traditional sectors inclusive of tourism, merchandise exports, and foreign direct funding. The inflow has played an essential function in financing family intake, supporting education and healthcare, and stabilizing Nepal's balance of payments. Notably, at some stage in the COVID-19 pandemic, although global labor mobility changed into significantly disrupted, remittance flows to Nepal showed tremendous resilience. This was largely due to the growing use of digital switch channels and the ongoing help from migrants who remained overseas (World Bank, 2023).

### **Current Status and Labor Destinations**

According to the latest data published by Nepal Rastra Bank (NRB), the total remittance inflow reached about US\$9.33 billion in the fiscal year 2022/23, showing an increase of 21.2% from the previous year (NRB, 2023). This amount is approximately 21.1% of Nepal's GDP, placing Nepal among the top five remittance-dependent economies globally as a proportion of national output (World Bank, 2023). These figures highlight the structural importance of remittances as a stable component of Nepal's macroeconomic system.

In fiscal year 2023/24, remittance inflows continued to increase, reaching NPR 1.35 trillion (about USD 10.2 billion), reflecting continued growth supported by increased foreign labor migration and improved digital remittance channels (NRB, 2024). This upward trend underlines the ongoing dependence of Nepal's economy on external

labor income. By 2023, an estimated four million Nepali citizens, or about 13% of the country's total population, are working abroad, primarily in the Gulf Cooperation Council (GCC) countries Qatar, Saudi Arabia and the United Arab Emirates, as well as Malaysia and India (IOM, 2022). The migrant workforce is predominantly composed of young men; However, women's participation, especially in domestic, hospitality and care services, has gradually increased (ILO, 2020).

In recent years, there has been a significant shift towards formal remittance transfer mechanisms due to the expansion of digital banking services, mobile wallet systems and increasing financial literacy levels. Both government agencies and financial institutions have implemented measures aimed at discouraging informal channels such as hundi and hawala, which persist in rural areas due to accessibility, speed, and comparatively low transaction costs (Karki and Thapa, 2020). Meanwhile, fintech innovations have enhanced remittance traceability, security and efficiency, creating opportunities to integrate these financial flows into broader national development and investment strategies.

**Table 1**

*Remittance Inflows to Nepal (USD Billion), FY 2018/19–2023/24*

Fiscal Year	Remittance Inflows (USD Billion)
2019/20	8.24 <sup>1</sup>
2020/21	10.86 <sup>2</sup>
2021/22	10.86 <sup>2</sup>
2022/23	9.33 <sup>3</sup>
2023/24	10.20 <sup>4</sup>

*Source: World Bank, NRB report, (2024)*

**Rising inflows:** Remittance flows peaked at US\$10.86 billion during the post-COVID migration surge in FY 2020/21 and have stabilized at around US\$9-10 billion annually, with FY 2023/24 seeing renewed growth linked to higher out-migration and improved formal transfer systems.

**Table 2**

*Remittances as Percentage of GDP in Nepal (2018–2022)*

Year	Remittances (% of GDP)
2018	28.0 <sup>1</sup>
2019	~25.7 <sup>4</sup>
2020	22.47 <sup>5</sup>
2021	22.61 <sup>6</sup>
2022	22.68 <sup>7</sup>

*Source: World Bank, NRB report, (2024)*

**Persistent GDP share:** Remittances remain a major part of GDP—over 22% in recent years, reflecting slightly lower dependency compared to the late 2010s (28%), but still among the world's highest .

**Table 3**

*Major Destination Countries of Nepalese Migrant Workers (2023 Estimate)*

Destination Country	Estimated Number of Workers	Percentage (%)
Malaysia	~1,410,000 <sup>8</sup>	~26.5% <sup>8</sup>
Qatar	~1,400,000 <sup>8</sup>	~26.4% <sup>8</sup>
Saudi Arabia	~1,166,000 <sup>8</sup>	~22.0% <sup>8</sup>

*Source: World Bank, NRB report, (2024)*

**Shifting labor destinations:** Malaysia now leads as the top destination (26.5%), closely followed by Qatar (26.4%) and Saudi Arabia (22%).

### **Economic and Social Impacts of Remittance**

Remittance has turned out to be a transformative pressure in shaping each the financial framework and social fabric of Nepal. While its contribution to national profits and family welfare is properly-diagnosed, the broader implications each superb and adverse warrant essential exam.

#### **Economic Impacts**

**GDP Contribution:** Remittance is one of the maximum huge additives of Nepal's financial system, continually surpassing earnings from traditional sources together with tourism, merchandise exports, and foreign direct investment (FDI). In FY 2022/23, remittance accounted for about 21.1% of the country's Gross Domestic Product (GDP), positioning Nepal many of the worlds pinnacle remittance-structured economies (NRB, 2023; World Bank, 2023). This sustained influx has served as a buffer against external financial shocks, assisting to stabilize the stability of payments and hold overseas foreign money reserves.

#### **Household Consumption**

At the microeconomic level, remittance has had a profound effect on family expenditure styles. Migrant-receiving families generally allocate a considerable part of remittance earnings to primary consumption needs consisting of meals, clothing, housing, and durable family items. This has contributed to a substantial rise in living requirements and the proliferation of client tradition, mainly in semi-urban and concrete areas (Adhikari & Gurung, 2017).

## **Savings and Investment**

Despite the economic ability of remittance, its contribution to lengthy-term improvement via savings and investment stays constrained. A big part of remitted budget is directed toward unproductive or brief-term fees instead of being invested in sectors like agriculture, small companies, or production. Studies have shown that most effective a minority of families use remittances to generate sustainable earnings assets, which increases worries approximately missed opportunities for structural transformation and self-reliant boom (Sharma & Adhikari, 2021; Paudel & Kafle, 2018).

## **Social Impacts**

### **Education and Health:**

Remittance has enabled many families to get entry to better academic and healthcare services. Migrant households are much more likely to sign up children in private schools, pay for college training, and are searching for better-fine medical remedy in personal clinics and hospitals. This has brought about advanced human capital development in a few communities, though it is able to also deepen inequalities between remittance-receiving and non-receiving households (IOM, 2022; CBS, 2021).

### **Gender Roles and Family Structure:**

The outmigration of male own family participants has caused a noticeable shift in household dynamics. Women increasingly assume selection-making roles, regularly coping with family price range and children's schooling within the absence of their spouses. While this will empower ladies and mission conventional patriarchal norms, it also locations an extra emotional and managerial burden on them. The upward push in female-headed households in rural regions is one of the maximum seen social consequences of migration (ILO, 2020).

### **Dependency and Work Disincentives:**

An important situation related to remittance is the emergence of dependency syndrome. Continuous influx of remitted budget might also lessen the incentive for household individuals to are trying to find neighborhood employment or spend money on productive monetary activities. This dependency can undermine home hard work participation and contribute to stagnation in rural economies, specifically in agriculture, which stays underutilized despite its potential (Karki & Thapa, 2020).

## Challenges and Risks

While remittance has certainly performed a pivotal function in helping Nepal's financial improvement and family resilience, it's far followed with the aid of a set of structural and socio-economic challenges that threaten lengthy-term sustainability. These challenges spotlight the want for strategic policy intervention and institutional reform to maximize the advantages of remittance while minimizing related risks.

### Economic Dependency

Nepal's over-reliance on remittance as a main supply of foreign exchange and family earnings creates widespread macroeconomic vulnerabilities. Any disruption in exertions call for from key destination countries due to geopolitical instability, economic downturns, or policy changes should immediately affect remittance inflows. This dependency reduces the urgency for industrial diversification and home process creation, making the national economic system prone to outside shocks (World Bank, 2023).

### Brain Drain

The migration of knowledgeable and skilled young people to foreign labor markets has brought about a growing shortage of human capital in Nepal's very own economic system. Key sectors including health, training, and facts era face continual skills gaps as specialists seek higher possibilities overseas. This phenomenon, typically called "mind drain," undermines national improvement by using depleting the USA most productive and revolutionary group of workers (Khanal, 2022).

### Illegal Migration and Fraud:

Despite government regulations, a great portion of hard work migration nonetheless occurs through casual or unlawful channels. Many aspiring migrants fall prey to fraudulent practices through unregistered recruitment agents, leading to overcharging, exploitation, unsafe working conditions, and, in a few cases, human trafficking. This now not most effective jeopardizes the safety and dignity of migrant people but also complicates the procedure of institutional oversight and rights safety (IOM, 2022; ILO, 2020).

### Low Return on Skills:

A recurring issue in Nepal's hard work migration narrative is the underutilization of skills. Many Nepali migrants, despite having instructional qualifications or vocational schooling, are hired in low-professional, low-paid jobs in production, domestic work, and protection services abroad. This mismatch among talents and employment

contributes to the erosion of human capital value and reflects inefficiencies in the USA hard work export approach (Adhikari & Gurung, 2017).

## **Government Policy and Institutional Framework**

The Government of Nepal has implemented several institutional and policy measures to manage overseas employment and optimize the benefits of remittance. Key institutions involved in this process include the Department of Foreign Employment (DoFE), the Foreign Employment Promotion Board (FEPB), and Nepal Rastra Bank (NRB). The DoFE is primarily responsible for regulating foreign labor migration, including issuing labor permits and overseeing recruitment agencies (DoFE, 2023). The FEPB focuses on the welfare of migrant workers and their families by managing welfare funds, providing pre-departure orientation, and facilitating emergency support services (FEPB, 2023). Meanwhile, NRB plays a critical role in regulating remittance inflows through formal financial systems and has introduced various incentives to promote secure and traceable remittance transfers, including improved digital platforms and favorable exchange mechanisms (NRB, 2024).

The policy framework guiding these institutions includes the Foreign Employment Act, which outlines legal standards for safe and ethical labor migration (MoLESS, 2007). Additionally, remittance incentive programs and insurance schemes have been introduced to protect migrant workers and encourage the use of formal remittance channels (NRB, 2024; IOM, 2023). Despite these efforts, significant gaps remain in the current framework. One major shortcoming is the lack of effective skill development and vocational training programs, which leads many migrants to accept low-paid, unskilled jobs abroad (Sharma & Adhikari, 2021). Furthermore, returnee migrants often struggle to reintegrate into the domestic economy due to limited support mechanisms, such as entrepreneurship training or access to credit (ILO, 2020). Institutional coordination among government agencies is also weak, resulting in fragmented service delivery and overlapping mandates (World Bank, 2024). Moreover, the absence of a robust and real-time data system on labor migration and remittance flows hampers evidence-based policymaking (CBS, 2021). While the existing structures provide a foundation for managing migration and remittance, there is an urgent need for enhanced coordination, investment in human capital, and comprehensive reintegration strategies to ensure the long-term sustainability and developmental impact of remittance in Nepal.

## **The Impact of COVID-19 on Remittance**

The COVID-19 pandemic had a profound impact on international labor mobility and remittance flows, which includes the ones from and to Nepal. With international borders closed and host countries enforcing lockdowns, tens of heaps of Nepali migrant employees had been forced to go back domestic, especially from the Gulf Cooperation Council (GCC) countries and Malaysia (IOM, 2022). This sudden reversal of hard work migration styles strained Nepal's domestic hard work market and accelerated the call for reintegration help and neighborhood employment generation. In the early months of 2020, remittance inflows declined sharply as activity losses and uncertainty affected Nepali people overseas. However, opposite to initial projections, remittance rebounded later within the year and endured to grow steadily (NRB, 2023).

This surprising healing may be attributed to several elements, together with an expanded use of digital remittance channels, particularly cellular banking and online transfer structures, which became greater on hand for the duration of the pandemic (World Bank, 2023). Additionally, many migrants who remained overseas at some stage in the disaster opted to ship large quantities in their financial savings domestic as a precautionary measure to help families facing economic hardship in Nepal (ILO, 2021). The pandemic additionally introduced renewed attention to the need for comprehensive migration governance. In reaction, the Government of Nepal and global companions' located extra emphasis on reintegration packages, skills education, and entrepreneurship support for returnee migrants (FEPB, 2023; MoLESS, 2021). Overall, at the same time as COVID-19 briefly disrupted remittance flows, it also highlighted the structural weaknesses in Nepal's remittance-based economy and underscored the significance of resilience planning and virtual transformation in monetary services.

## **Future Prospects and Recommendations**

As Nepal continues to depend closely on remittance for economic balance and family welfare, there is an urgent want to shift from a version of remittance-led intake to at least one centered on remittance-led development? This transition calls for a strategic realignment of rules and institutional efforts. One of the maximum vital steps is promoting skill-based migration, which allows Nepal to ship higher-skilled workers abroad who can secure better-paying jobs and maximize returns on human capital (ILO, 2021). At the same time, the authorities need to incentivize diaspora funding in small and medium-sized corporations (SMEs), agriculture, and infrastructure to

stimulate home employment and decrease dependency on foreign jobs (World Bank, 2023).

Financial literacy programs focused at remittance-receiving families can help channel budget towards savings, efficient investments, and lengthy-term asset creation (NRB, 2023). Additionally, there is a want to formalize casual remittance channels along with hundi by supplying lower transaction fees, increasing virtual get entry to, and enhancing accept as true with in banking institutions, especially in rural areas (Karki & Thapa, 2020). Another key precedence is the reintegration of returnee migrants, who regularly war to locate employment or make use of their remote places revel in because of a loss of aid mechanisms. Establishing tailor-made reintegration programs which include vocational retraining, entrepreneurship improvement, and get right of entry to credit score can assist absorb returning workers into the domestic economic system (IOM, 2022).

Finally, Nepal need to diversify its hard work markets by strengthening bilateral hard work agreements with rising economies like Japan, South Korea, and European nations. These markets regularly offer better wages, more secure working conditions, and lengthy-time period employment prospects in comparison to conventional Gulf locations (MoLESS, 2023). Collectively, those suggestions' purpose to make sure that remittance continues to contribute meaningfully to Nepal's inclusive and sustainable development.

### Conclusion

Remittance has emerged as an integral pillar of Nepal's monetary framework, offering vital economic aid to households and appearing as a buffer in the course of times of country wide and international financial uncertainty. Over the past two many years, the regular inflow of remittance has reinforced Nepal's forex reserves, decreased poverty, and progressed residing requirements for thousands and thousands of Nepalis, especially the ones in rural and marginalized groups (World Bank, 2023; NRB, 2023). These transfers have helped fund family consumption, youngsters' education, non-public healthcare, and even housing creation, thereby contributing to quick-term welfare gains and poverty relief. During crises inclusive of the COVID-19 pandemic, remittance persisted to play a stabilizing role, even rebounding all of sudden inside the face of economic disruptions, thank you in component to the increasing use of virtual economic systems and cellular banking (IOM, 2023; ILO, 2023)

Despite those gains, but, Nepal's remittance-pushed version of improvement faces several lengthy-time periods demanding situations. The economic system remains heavily reliant on hard work export as opposed to domestic job creation, and plenty of the remittance received is directed towards immediately consumption instead

of investment in efficient sectors together with agriculture, manufacturing, or infrastructure (Sharma & Adhikari, 2021). Furthermore, the continuing outflow of younger and professional workers has contributed to a domestic hard work shortage, exacerbated "mind drain," and weakened innovation capability inside the country. These traits improve issues approximately the sustainability of relying on remittance as a development device, specifically in light of world uncertainties, restrictive immigration policies in destination nations, and growing opposition within the international hard work market (Khanal, 2022).

To deal with those problems and unencumber the whole developmental ability of remittance, Nepal have to transition from a passive recipient of remittance to a lively manager of remittance-led development. This involves adopting a complete and forward-looking strategy. First, talent-based totally migration regulations have to be prioritized to ensure that Nepali employees secure better-price employment overseas, thereby increasing their income's ability and improving the return on human capital investment. Second, greater efforts ought to be made to formalize informal remittance channels, enlarge get right of entry to affordable economic services in rural areas, and sell monetary literacy amongst each migrant and their households. These steps would assist enhance the transparency, performance, and effective use of remittance (NRB, 2023; Karki & Thapa, 2020).

Third, the government should beautify reintegration applications for returnee migrants, imparting vocational education, entrepreneurial guide, and get entry to microfinance so that their remote places enjoy can be harnessed for country wide development. This should be supported by stronger inter-business enterprise coordination, up to date migration guidelines, and bilateral labor agreements with rising economies including Japan, South Korea, and sure European international locations that provide safer operating situations and better long-time period possibilities (MoLESS, 2023). Lastly, tapping into the broader Nepali diaspora via diaspora bonds, public-private partnerships, and focused investment incentives can assist channel remittance closer to big-scale development projects in infrastructure, renewable energy, and rural enterprise.

In end, whilst remittance will likely remain a vast element of Nepal's economic system within the foreseeable future, the USA need to now try to integrate it right into a broader method of inclusive and sustainable improvement. With stronger governance, economic innovation, and centered human capital investments, remittance can evolve from merely sustaining households to remodeling communities, building resilient economies, and reducing Nepal's dependence on outside exertions markets.

This shift from remittance-led intake to remittance-led transformation is not best necessary but absolutely feasible with the proper regulations, political will, and institutional dedication.

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